

**CONTRACT CONCEPTS  
FISCAL YEAR 1997-98**

**Concept Number:**

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**Requesting Party:** Waste Prevention & Market Development Division  
**Amount:** up to \$500,000  
**Fund:** RMDZ Subaccount  
**Primary Staff Contract:** Robert Caputi

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**Description:** California Capital Access Program

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This concept would fund participation, on a pilot basis, in the California Capital Access Program (CalCAP). CalCAP, administered by the California Pollution Control Financing Authority (CPCFA), provides access to capital for "near bankable" companies by establishing a loan loss reserve at participating financial institutions. The Board would approve eligibility criteria for businesses supported by the Board's funds. These may, or may not, meet the typical guidelines for the existing CalCAP. Assuming the Board provides \$500,000 for a 4% loss reserve (typical for the existing CalCAP), as much as \$12.5 million could be made available to recycling-based businesses from California financial institutions.

Staff from the Board and CPCFA would work together to develop the Interagency Agreement (IAA) for the Board's participation in the program. Approval of participation, eligibility criteria, and the Board approval process will be detailed in a Board agenda item (the program already exists in CPCFA regulations). Due to the streamlined process of CalCAP, impact on staff resources should be minimal.

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**Supports Board Mandate:** Participation in CalCAP furthers the Board's efforts to support the AB 939 disposal reduction mandates by maximizing the amount of financing available for businesses to facilitate development of markets for recovered/diverted material.

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**History:** The Board recommended participation in CalCAP, on a pilot basis, for not more than \$500,000, in the RMDZ Loan Program Evaluation Report submitted to the Legislature in May 1995, and authorized with the passage of SB 1535 (Killea).

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**Benefit to the Board:** If approved, the Board will be able to use this existing, successful program to significantly increase the access to capital for small and "near bankable" recycling-based businesses (including start-up and "micro loans"). Based on an average CalCAP loan of \$100,000, the Board's participation could provide necessary financing for 125 recycling-based businesses which otherwise might not have access to capital. Participation would also provide access and "open the door" to all financial institutions, many of which have traditionally not shown an interest in lending to recycling-based businesses.

If this contract concept for the IAA is not approved, the Board would be able to make only one or two average size RMDZ loans within the \$500,000 allocated amount.

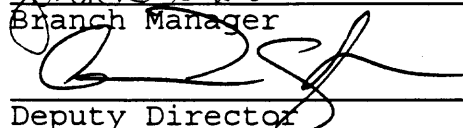
**Budget Process:** Participation in CalCAP, on a pilot basis, was recommended by the Board in its RMDZ Loan Program Evaluation Report submitted to the Legislature in May 1995, and authorized with the passage of SB 1535 (Killea). The 4% contribution figure is consistent with the CPCFA contribution levels.

  
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Division Liaison

6/24/97  
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Date

  
\_\_\_\_\_  
Branch Manager

6/24/97  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Deputy Director

6-24-97  
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Date